REMARKS

Applicant thanks the Examiner for his thoughtful review of the present application. The status of the claims is as follows:

a. **Claims 1-35** are **Pending** in the present application.
b. **Claims 1-35** are rejected.
c. Independent **Claims 1, 12, 17, 24** and **30** have been amended for clarification to recite "...forecasting a potential cost of the indirect procurement commodity to be purchased for a future period based on the calculated cost and ***a market imbalance*** factor associated with the indirect procurement commodity".

i. PRESENT AMENDMENT

Independent **Claims 1, 12, 17, 24** and **30** were amended to distinctly point out and particularly claim the subject matter the Applicant regards as his invention. Specifically, those claims have been amended to recite "...forecasting a potential cost of the indirect procurement commodity to be purchased for a future period based on the calculated cost and ***a market imbalance*** factor associated with the indirect procurement commodity". Support for the amendments to **Claims 1, 12, 17, 24** and **30** can at least be found on **Page 9, line 27** to **Page 10, line 32** of the **Detailed Description**. No new matter has been introduced with the amendment of this application.

ii. **ARGUMENT**

1. Claim Rejections - 35 U.S.C. §102

a. Rejections of Claims 1-6, 12-18, 24, 25 and 30-32 under 35 U.S.C. §102(e) (236 Reference)

We respectfully remind the Examiner that in order to anticipate a claim, US Application 2004/0117236 A1 to Subramanian et al. (hereinafter *Subramanian*) must teach **every element of the claim** and "***the identical invention must be shown in as complete detail as contained in the ... claim.***" *MPEP 2131* citing *Verdegaal Bros. V. Union Oil Co. of California*, 814 F.2d 628, 2 USPQ2d 1051 (Fed. Cir. 1987) and *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 9 USPQ2d 1913 (Fed. Cir. 1989) (emphasis added).

The Applicant respectfully traverses the rejection of **Claims 1-6, 12-18, 24, 25** and **30-32** because all of the elements of independent **Claims 1, 12, 17, 24** and **30** are not taught or suggested by *Subramanian*, as emphasized by the recited claim elements set forth below.

> Independent **Claim 1** recites a method for forecasting a potential cost for an indirect procurement commodity comprising receiving a volume of the indirect procurement commodity to be block purchased for a future period, calculating a cost of the volume of the indirect procurement commodity based on historical consumption data for a past period and forecasting a potential cost of the indirect procurement commodity to be purchased for a future period based on the calculated cost and ***a market imbalance*** factor associated with the indirect procurement commodity.
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> Independent **Claim 12** recites a system for forecasting a potential cost for an indirect procurement commodity comprising means for receiving a volume of the indirect procurement commodity to be block purchased for a future period, means for calculating a cost of the volume of the indirect procurement commodity based on historical consumption data for a past period and means for forecasting a potential cost of the indirect procurement commodity to be purchased for a future period based on the calculated cost and ***a market imbalance*** factor associated with the indirect procurement commodity.
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> Independent **Claim 17** recites a system for forecasting a potential cost for an indirect procurement commodity comprising a graphical user interface and a cost forecasting tool coupled to the graphical user interface capable of receiving a volume of the indirect procurement commodity to be block purchased for a future period, calculating a cost of the volume of the indirect procurement commodity based on historical consumption data for a past period and forecasting a potential cost of the indirect procurement commodity to be purchased for a future period based on the calculated cost

and ***a market imbalance*** factor associated with the indirect procurement commodity.

Independent **Claim 24** recites a computer program product for forecasting a potential cost for an indirect procurement commodity, the computer program product comprising a computer usable medium having computer readable program means for causing a computer to perform the steps of receiving a volume of the indirect procurement commodity to be block purchased for a future period, calculating a cost of the volume of the indirect procurement commodity based on historical consumption data for a past period and forecasting a potential cost of the indirect procurement commodity to be purchased for a future period based on the calculated cost and ***a market imbalance*** factor associated with the indirect procurement commodity.

Independent **Claim 30** recites a method of doing business comprising receiving a volume of the indirect procurement commodity to be block purchased for a future period, calculating a cost of the volume of the indirect procurement commodity based on historical consumption data for a past period and forecasting a potential cost of the indirect procurement commodity to be purchased for a future period based on the calculated cost and ***a market imbalance*** factor associated with the indirect procurement commodity.

In accordance with *Subramanian*, a method is provided to determine a lowest utility cost relative to a plurality of utility rate structures, to an estimated customer load, and to a temporal resolution of a Contract Base Load. The method comprises the following: computing a plurality of utility costs based on combinations of each of the rate structures, the estimated customer load, and the temporal resolution of the Contract Base Load and, selecting the rate structure and Contract Base Load producing the lowest utility cost.

While *Subramanian* does deal with utility rate structures, ***Subramanian does not teach or suggest forecasting a potential cost of the indirect procurement commodity to be purchased for a future period based on the calculated cost and a market imbalance factor associated with the indirect procurement commodity as recited by independent Claims 1, 12, 17, 24*** and ***30***. The method as taught by *Subramanian* appears to deal with pre-negotiated rate structures and a Contract Base Load (CBL) and does not take into account a market imbalance factor.

Since Subramanian does not teach or suggest the implementation of a market imbalance factor as recited by independent **Claims 1, 12, 17, 24** and **30**, the Subramanian reference does not teach or suggest each element of independent **Claims 1, 12, 17, 24** and

30. Accordingly, the rejection of **Claims 1, 12, 17, 24** and **30** under **35 U.S.C. §102(e)** should be withdrawn.

Claims 2-6, 13-16, 18, 25 and **31-32** depend from independent **Claims 1, 12, 17, 24** and **30** respectively and inherit all of their limitations. Therefore, **Claims 2-6, 13-16, 18, 25** and **31-32** are also patentably distinct in view of *Subramanian* and the rejections of **Claims 2-6, 13-16, 18, 25** and **31-32** under **35 U.S.C. §102(e)** ought to now be withdrawn.

2. Claim Rejections – 35 U.S.C. §103

The standard for making an obviousness rejection is currently set forth in MPEP 706.02(j):

> To establish a *prima facie* case of obviousness, *three basic criteria must be met*. **First**, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the references or to combine reference teachings. **Second**, there must be a reasonable expectation of success. **Finally**, the prior art reference (or references when combined) must teach or suggest all the claim limitations. The ***teaching or suggestion*** to make the claimed combination **and** the ***reasonable expectation of success*** **must *both be found in the prior art,* and not *based on applicant's disclosure***. (emphasis and formatting added) MPEP § 2143, *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991)
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> The initial burden is on the examiner to provide some suggestion of the desirability of doing what the inventor has done. "To support the conclusion that the claimed invention is directed to obvious subject matter, either the references must expressly or impliedly suggest the claimed invention or the examiner must present a ***convincing line of reasoning*** as to why the artisan would have found the claimed invention to have been obvious in light of the teachings of the references." *Ex parte Clapp*, 227 USPQ 972, 973 (Bd. Pat. App. & Inter. 1985). (emphasis added).

See also, KSR International Co. v. Teleflex Inc., No. 04-1350, 550 U.S. __ (2007).

The Office Action fails to meet this burden. As noted above, the PTO has the burden of establishing a prima facie case of obviousness under 35 USC §103. The Patent Office must show that some reason to combine the elements with some rational underpinning that would lead an individual of ordinary skill in the art to combine the relevant teachings of the references. *KSR International Co. v. Teleflex Inc.*, No. 04-1350, 550 U.S. __ (2007); *In re Fine*, 837 F.2d 1071, 1074 (Fed. Cir. 1988). Therefore, a combination of relevant teachings alone is insufficient grounds to establish obviousness, absent some reason for

one of ordinary skill in the art to do so. *Fine* at 1075. In this case, the Examiner has not pointed to any cogent, supportable reason that would lead an artisan of ordinary skill in the art to come up with the claimed invention.

As illustrated above, *Subramanian* fails to teach teach or suggest the implementation of a market imbalance factor, and no combination of additional references appear to spontaneously overcome the absence of this key element. Moreover, as is further discussed below, none of the references, alone or in combination, teaches the unique features called for in the claims. It is impermissible hindsight reasoning to pick a feature here and there from among the references to construct a hypothetical combination which obviates the claims.

> It is impermissible, however, simply to engage in a hindsight reconstruction of the claimed invention, using the applicant's structure as a template and selecting elements from references to fill the gaps. [*citation omitted*]

In re Gordon, 18 USPQ.2d 1885, 1888 (Fed. Cir. 1991).

A large number of devices may exist in the prior art where, if the prior art be disregarded as to its content, purpose, mode of operation and general context, the several elements claimed by the applicant, if taken individually, may be disclosed. However, the important thing to recognize is that the reason for combining these elements in any way to meet Applicants' claims only becomes obvious, if at all, when considered from hindsight in the light of the application disclosure. The Federal Circuit has stressed that the "decisionmaker must step backward in time and into the shoes worn by a person having ordinary skill in the art when the invention was unknown and just before it was made." *Panduit Corp. v. Dennison Mfg. Co.*, 810 F.2d 1561, 1566 (Fed. Cir. 1987). To do otherwise would be to apply hindsight reconstruction, which has been strongly discouraged by the Federal Circuit. *Id.* at 1568.

> To imbue one of ordinary skill in the art with knowledge of the invention in suit, when no prior art reference or references of record convey or suggest that knowledge, is to fall victim to the insidious effect of a hindsight syndrome wherein that which only the inventor taught is used against its teacher.

W.L. Gore & Assoc. v. Garlock, Inc., 721 F.2d 1540, 1553 (Fed. Cir. 1983).

Therefore, without some reason in the references to combine the cited prior art teachings, with some rational underpinnings for such a reason, the Examiner's conclusory

statements in support of the alleged combination fail to establish a prima facie case for obviousness. *See, KSR International Co. v. Teleflex Inc.*, No. 04-1350, 550 U.S. __ (2007) (obviousness determination requires looking at "whether there was an apparent reason to combine the known elements in the fashion claimed...", *citing In re Kahn*, 441 F.3d 977, 988 (CA Fed. 2006) ("[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness," KSR at 14).

a. Rejection of Claims 7-9, 19-21, 26-28 and 33-35 under 35 U.S.C. §103(a) (236, 677 References)

The Applicant respectfully traverses the rejection of independent **Claims 7-9, 19-21, 26-28** and **33-35** as being unpatentable over Published U.S. Application **2004/0117236**to *Subramanian* in view of Published U.S. Application **2003/0055677** to *Brown*.

Brown generally discloses an Internet-based utility management system that presents estimated utility prices, usage terms, and a predicted load profile to a customer. The estimated utility prices include predicted prices of a utility during certain future periods of time. The usage terms include a utility usage threshold for each certain future period of time below which the estimated price applies. The predicted load profile includes predicted utility usage of the customer for each certain future period of time and presented such that any variation between the usage terms and the predicted load profile is readily apparent.

In this particular instance, the Examiner purports to combine the *Brown* reference with the *Subramanian* reference to cure *Subramanian's* above-delineated defect. The Examiner asserts that the motivation to combine the two references is "to take into account the cost of overages and deficits of energy used". However, Applicant asserts that the Examiner's proposed motivation to combine the *Brown* reference with the *Subramanian* reference is not logically justified since *Subramania* **already** takes into account the cost of overages and deficits of energy used. This is disclosed in *Subramania* paragraph 22:

> The annual energy cost is generally composed of an energy cost and a demand charge. The energy cost applies to the total consumption (in kWh) that the customer has pre-negotiated (by specifying the Contract Base Load) over the entire year. This cost is calculated using the Contract Base Load kwh-versus-time profile and the applicable pre-negotiated rate ($/kWh), irrespective of the actual usage of the customer. ***Any difference between the Contract Base Load and actual use is***

> ***credited/debited at the real time price of energy corresponding to the time periods where the two profiles differ.*** In other words, if the customer actually utilizes less than the pre-negotiated Contract Base Load at any time during the year, the utility credits the customer with the difference in energy (kWh) at the real time price of electric energy for that time. On the other hand, if the customer utilizes more than the pre-negotiated Contract Base Load at any time during the year, the customer purchases energy at the corresponding real time price of energy.

Consequently, since *Subramania* **already** takes into account the cost of overages and deficits of energy used, there is no motivation to combine the *Subramania* reference with the *Brown* reference to "to take into account the cost of overages and deficits of energy used", as proposed by the Examiner.

By way of example, suppose a **Reference A** discloses a car that is capable of traveling at 100 miles per hour and a **Reference B** discloses a mechanism that will allow a car to travel 100 miles per hour. Because the car disclosed in **Reference A** already has the capability to travel 100 miles per hour, there is no motivation to combine **Reference A** with the mechanism of **Reference B**.

Applicant therefore respectfully asserts that the Examiner's proposed combination of references is based on hindsight reasoning and is lacking proper motivation according to the above-outlined patent case law. Accordingly the rejection of independent **Claims 7-9, 19-21, 26-28** and **33-35** as being unpatentable over Published U.S. Application **2004/0117236**to *Subramanian* in view of Published U.S. Application **2003/0055677** to *Brown* under **35 U.S.C. §103(a)** should be withdrawn.

b. Rejections of Claims 10, 11, 22, 23 and 29 under 35 U.S.C. §103(a) (236, 677, 889 References)

The Applicant respectfully traverses the rejection of **Claims 10, 11, 22, 23** and **29** as being unpatentable over Published U.S. Application **2004/0117236** to *Subramanian* in view of Published U.S. Application **2003/0055677** to *Brown* in further view of US Patent **6,366,889** to *Zaloom*.

Claims 10, 11, 22, 23 and **29** depend from independent **Claims 1, 17** and **24** respectively and inherit all of their limitations. Therefore, **Claims 10, 11, 22, 23** and **29** are also patentably distinct in light of Published U.S. Application **2004/0117236** to *Subramanian* in view of Published U.S. Application **2003/0055677** to *Brown* in further

view of US Patent **6,366,889** to *Zaloom* and the rejections of **Claims 10, 11, 22, 23** and **29** under **35 U.S.C. §103(a)** ought to now be withdrawn.

iii. CONCLUSION

Applicant now believes the present case to be in condition for allowance. Therefore, the Applicant respectfully requests a Notice of Allowance for this application from the Examiner.

It is believed that all of the pending Claims have been addressed. However, the absence of a reply to a specific rejection, issue or comment does not signify agreement with or concession of that rejection, issue or comment. In addition, because the arguments made above may not be exhaustive, there may be reasons for patentability of any or all pending Claims (or other Claims) that have not been expressed. Finally, nothing in this paper should be construed as an intent to concede any issue with regard to any Claim, except as specifically stated in this paper, and the amendment of any Claim does not necessarily signify concession of unpatentability of the Claim prior to its amendment.

Applicant believes that no fees are currently due, however, should any fee be deemed necessary in connection with this Amendment and Response, the Commissioner is authorized to charge deposit account 08-2025.

Respectfully submitted,

/wendell j. jones/

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